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# THE MEAT-PACKING INVESTIGATION: A REPLY

## SUMMARY

History of the investigation. Growth and position of the packing companies, 414. — The stockyards situation, 417. — Fluctuations in the price of live stock, 420. — The charge of combination, 421. — The Palmer-Packer agreement, 429.

As an appraisal of the value of the Federal Trade Commission's *Report on the Meat Packing Industry*, Dr. Virtue's article in the August, 1920 issue of this Journal does not tell the whole story. It is true that he frequently points out the shortcomings of the Commission's evidence and findings, but he fails to mention so many evidences of suppression of data, insinuation, and other outstanding weaknesses, that one is tempted to think that his article is, at least in part, a justification of the general conclusions of the Trade Commission, by whom he was employed during a part of the investigation. To what extent Dr. Virtue's personal opinions are justified by his careful selection of data from the report will appear in the following comments on his article.<sup>1</sup>

## I. HISTORY OF THE INVESTIGATION

In the main, Dr. Virtue's description of the steps that led up to the Federal Trade Commission's investigation is accurate, altho there are one or two important omis-

<sup>1</sup> It is proper to state that Dr. Virtue was engaged by the Trade Commission to do editorial work on that part of the report which dealt with perishable food. He took no part in the meat investigation, and his article, on which Mr. Weld here comments, was based entirely on the published material. It is proper to state also that the article was prepared at the request of the editors of this Journal. — *Editors*.

sions and one or two unwarranted assumptions which place the matter in a somewhat false light.

For example, it is said that the so-called Borland resolution, which provided for a Congressional investigation of the meat industry, was killed because the opposition of the packers was so effective. It is true that the packers fought the passage of this resolution by every legitimate means because they were afraid of a one-sided investigation instead of an impartial inquiry. The resolution itself directed the Federal Trade Commission "to investigate and report to the House of Representatives the facts relating to any or all violations of the anti-trust laws of the United States" by the large packing companies, so that the very wording of the resolution indicated an assumption that the packers were guilty.

Dr. Virtue refers to a conference on the question of the proposed investigation held on January 31, 1917, where it appeared that the views of Mr. Edward N. Hurley, then Chairman of the Federal Trade Commission, were at variance with those of certain advisers of the President. He adds that "on the same day Mr. Hurley resigned." Is this an insinuation that Mr. Hurley resigned because of a misunderstanding or disagreement about the proposed investigation? If so, it is without foundation. Mr. Hurley's resignation was reported in the press of January 5, 1917,<sup>1</sup> altho it took effect on the 31st. There is no connection between Mr. Hurley's resignation and the conference that took place on the 31st of January.

After the investigation by the Federal Trade Commission was finally started, Dr. Virtue rightfully intimates that the packers stood ready to coöperate with

<sup>1</sup> See New York Times of January 5, 1917. The press dispatch was dated Washington, January 4.

the government. As regards crimination and recrimination on procedure, fairness of the hearings, and the like, which appeared as the inquiry proceeded, he says: "About these contentions we need not here concern ourselves." In other words, in an article in which one's object is to give a dispassionate view of the value of the Federal Trade Commission's investigation, he does not consider it necessary to pass on the fairness or unfairness of the methods employed by the Federal Trade Commission in its investigation. Since it has been established that the hearings of the Trade Commission were *ex parte*, and that other methods used in the investigation were unfair and one-sided, failure to discuss this subject would appear to be unfortunate.<sup>1</sup>

## II. GROWTH AND PRESENT POSITION OF THE LARGE PACKING COMPANIES

The figures selected by Dr. Virtue to illustrate the growth and present size of the large packing companies are not in themselves open to criticism, except perhaps that he resorts too much to combined figures for the five large packers, without warning the reader that such figures are of little significance unless it can be shown that the five packers operate in collusion with each other. His reference to the "dominant position of the large packers"<sup>2</sup> and his use of the word "control,"<sup>2</sup> appear to assume a significance that does not exist.

[Dr. Virtue says that everybody knows of the "practical disappearance"<sup>3</sup> of local slaughtering, but says later that the 1909 census figures show that "only about 60 per cent of beeves are handled through meat-packing

<sup>1</sup> See Swift and Company's Analysis and Criticism of Pt. II of the Report of the Federal Trade Commission, pp. 6-9. This subject has also been developed in various Congressional hearings by the writer and others.

<sup>2</sup> Page 635.

<sup>3</sup> Page 632.

establishments." The rest were handled through local retail slaughtering houses, or were killed on farms. There has probably been a somewhat larger proportion killed in meat-packing establishments in 1920, but surely not enough to justify his reference to the "practical disappearance of local slaughtering."

This point is significant in connection with Dr. Virtue's defense of the Federal Trade Commission's contention that locally killed animals should not be included in measuring the "control" that the large packers may have of the meat supply of the nation. He says that the census figures, which show such a large proportion of animals killed on farms and in retail shops, indicate only "that there are certain geographical areas to which the supposed monopoly does not extend." <sup>1</sup> He then refers to the sixty or seventy millions of people in cities and villages who are "dependent upon centralized slaughter for their supply of meat."

In the first place, it is not true that there are "certain geographical areas" to which the activities of the packers do not extend. The farm kill and the country butcher kill take place all over the country in communities where the large packers are selling meats continuously. In other words, the large packers are competing directly at all times with retail butchers who slaughter all or a part of their own meat, and they are also in competition directly with the farmers themselves who kill their own animals. Such farmers, except perhaps a few who are situated at a long distance from the railroads, have the option of killing their own animals or of buying meats at the local butcher shop where meats prepared by the large packers are handled. Furthermore, Dr. Virtue overlooks the fact that every animal killed on farms is part of a potential supply that

<sup>1</sup> Page 635.

might be shipped to central markets and sold as meat in distant cities. As a matter of fact, if the packers, through collusion, increased the price of meats by as much as one or two cents a pound, there is no question but that a large part of this potential supply would quickly find its way in the form of meats to those sections of the country where the price had been artificially raised.

In explaining the extent to which the packers handle other products than meats, Professor Virtue quotes the Federal Trade Commission to the effect that the five packers handle about "half the poultry, eggs, and cheese in the main channels of interstate commerce."<sup>1</sup> It is unfortunate that a brief reference to the question raised concerning the accuracy of this statement is confined to the fine print of a footnote. Dr. Virtue says that in 1917 one company handled 50 million pounds of butter, as an indication of the great importance of the packers in this field. He neglects to state that 50 million pounds was less than 4 per cent of the total butter produced that year in the United States, and only about 7 per cent of the total output of factory-made butter. The five large packers together, in competition with each other, handle less than 20 per cent of the butter, eggs, and poultry marketed in the United States. The proportion for cheese is higher.

Dr. Virtue does well to point out the unfairness of the Commission's insinuation with regard to the "oleo legislative pool,"<sup>2</sup> and in general to call attention to the economic reasons for the handling of other products than meats, altho the facts in the case do not "warrant the fear of monopoly" except in the minds of those who are looking for something to fear in spite of what the

<sup>1</sup> Page 636. See Swift and Company's Analysis, p. 93, for discussion of this subject, and for figures giving Swift and Company's proportion.

<sup>2</sup> Page 637.

facts in the case prove. If Dr. Virtue had been more inclined to point out the unfairness of the Trade Commission's treatment of this general subject, he could have mentioned, for example, the Commission's sensational statement that one of the packers in 1917 "sold more than 16,000,000 pounds of rice, thus becoming at a single move, on the statement of the vice president of the company, 'the greatest rice merchant in the world.' During this period the wholesale price of rice increased 65 per cent."<sup>1</sup> The Trade Commission failed to mention the fact that the 16 million pounds of rice handled by one packer amounted to only about 1 per cent of the total amount of rice consumed in the United States. Without making the direct statement, the Trade Commission tried to insinuate that this packer had affected the wholesale price of rice.

### III. THE STOCKYARDS SITUATION

The burden of Dr. Virtue's remarks on this phase of the matter appears to be a confirmation of the Federal Trade Commission's charges that stockyards ownership on the part of the packers has resulted in an unfortunate influence over commission men who represent live-stock shippers, and in a certain measure of power on the part of the packers to control live-stock prices. He also upholds the Commission in its contention that the packers have been guided more by a desire for financial profits and an opportunity to control stockyards practises than by a desire to improve the services and facilities of the stockyards.

The case of the Federal Trade Commission and Dr. Virtue with respect to packer influence over commission men and control of prices would be stronger if either

<sup>1</sup> Federal Trade Commission Report on Meat Packing Industry, Pt. I, p. 235.

could bring forth one single bit of evidence that prices had ever been manipulated or influenced, or that commission men have ever let up in their efforts to get the highest possible price for their clients, the shippers of live stock. The live-stock buyers of the packing companies have not been able to notice that commission men are any less zealous in their efforts to get high prices in packer-owned yards than in yards owned by outside interests.

Dr. Virtue attacks the contention of the packers that it has been necessary for them to become the owners of stockyards in order to provide proper facilities and service by referring to evidence in the report of the Federal Trade Commission to the effect that in practically every instance the yards at the various live-stock centers were started by railroads or other outside companies and later acquired by the packing companies. While it is true that most of the stockyards companies were started before the large packers became owners, the contention of the packers still remains true as a general proposition. Swift and Company has often said that two considerations were involved in becoming owners of stockyards: first, to insure adequate facilities and efficient service; and second, the natural desire to obtain any possible financial returns from such legitimate enterprise. The officials of Swift and Company believe that on the whole the matter of developing attractive market places to which live-stock growers would ship their animals has been their primary consideration.

The trouble with the examples recited by Dr. Virtue with respect to such yards as those of St. Paul and Sioux City is that the Federal Trade Commission, on whom he relied, does not tell the whole story. It is true that these yards were started by interests outside the packing industry. Dr. Virtue goes so far as to inform us



that the St. Paul yards, for example, were a financial failure and that inducements were offered to Swift and Company to take them over. He neglects to mention that Swift and Company reorganized the company, improved facilities, and transformed the yards from a dilapidated, unsanitary, and unattractive mud-hole into a modern and sanitary market place. This was not all done in a day, but from first to last there have been invested hundreds of thousands of dollars in this enterprise, and it was not until 1916 that any dividends have been paid — and since then only at the rate of 4 per cent. Such meagre earnings as there had been before 1916 were reinvested in the business to improve and extend facilities. Additional money raised by bond and note issues has also been used for this purpose. This St. Paul experience is typical of the history of other stockyards in which Swift and Company has been interested, and points clearly to Swift and Company's contention that its primary interest has been to develop efficient service and facilities, rather than to make a financial profit out of the operation of the yards.

It is charged that the packers, through their ownership of stockyards, have discriminated against small packers or have prevented them from obtaining sites for plants. It will have to be admitted that herein lies a power that might be abused, and yet the significant fact is that the Trade Commission has not been able to unearth real evidence of any such abuse of power. It relies on hearsay and the complaints of prejudiced parties.

Dr. Virtue says that a clear case of discrimination seems to be made out at the Sioux City Yards.<sup>1</sup> In a footnote he says that Mr. L. F. Swift, during Congressional hearings, tried to explain away these charges,

“but his remarks are not convincing”; he adds that remarks made by the attorney of Swift and Company, Mr. Veeder, “tend to take the edge off the charge of discrimination.” The writer would invite any reader of this article who is interested in studying the matter thoroly to read the references cited by Dr. Virtue and also to read the testimony and cross-examination of the writer before the House Committee on Agriculture.<sup>1</sup> It will be found that there is no basis for the charge of the Federal Trade Commission.

As for the rendering companies located at stockyards, both the Federal Trade Commission and Dr. Virtue have given this matter undue prominence. It is true, however, that there is usually but one rendering company in connection with the stockyards, and that such company has virtually a monopoly of the business. Dr. Virtue rightly calls attention to the claim of the packers that this business is usually not large enough for more than one plant to handle, and that it can be handled most efficiently through one company. It remains to be proved that these rendering companies have not been operated satisfactorily, or that they have not paid a reasonable price, on the average, for their raw materials.

#### IV. FLUCTUATIONS IN PRICES OF LIVE STOCK

Dr. Virtue is correct when he says that the Federal Trade Commission resorted to only “general observations and conclusions” on the subject of price fluctuations, and that its findings are not conclusive as to whether the packers manipulate prices. He is also correct when he points out that the live-stock feeder necessarily runs a greater risk in his operations than

<sup>1</sup> Hearings on H. R. 6492, Pt. 26, pp. 1917-1923 (Hurni matter).

does the packer because the feeder has to begin his operations such a long time before he markets his products.

There is, however, one extremely important fundamental fact in this connection, viz., that the lesser time risk of the packer is largely counterbalanced by the extremely small margin of profit on which the packer is forced to do business. The packers do not benefit from the sudden price fluctuations that occur and they have often stated that they are anxious to do anything they can to prevent these fluctuations. In fact, the packers have sought to coöperate with live-stock raisers to find means to bring about a more orderly marketing of live stock and to bring about a more stable market.

## V. THE CHARGE OF COMBINATION

In his treatment of this most important problem of all — the question whether the large packers act in collusion — Dr. Virtue rightly points out that there is no positive evidence that an agreement exists. His selection of evidence from the Federal Trade Commission Report, however, indicates an attempt to vindicate a suspicion that lurks in his own mind to the effect that there is some kind of combination. In recounting instances furnished by the Federal Trade Commission he does not tell the whole story.

He begins by reviewing the Federal Trade Commission's account of the dressed-meat pools that existed before 1902. He incorrectly states that the "almost continuous" arrangement from 1885 to 1902 was for the purpose of "fixing of beef prices." The pools during the nineties did not fix beef prices. They had to do with the allotment of shipments of fresh beef to various eastern markets in order to prevent recurrent gluts and scarci-

ties. His statement that the packers have admitted that a "combination was in force during this period" is misleading. The packers have of course admitted that they had this arrangement for allocating beef shipments, but they have never admitted that this was an illegal combination in restraint of trade. Dr. Virtue describes the injunction of 1903 as prohibiting among other things the fixing of the quantities of meat shipped. He neglects to mention that the injunction at that time contained the following specific clause:

Nothing herein shall be construed to prohibit the said defendants . . . from curtailing the quantity of meats shipped to a given market where the purpose of such arrangement in good faith is to prevent the over-accumulation of meats as perishable articles in such markets.<sup>1</sup>

The Federal Trade Commission also omitted this clause from its account of the injunction.<sup>2</sup> In other words, the injunction specifically permitted the continuance of the very practise for which the live-stock pool was organized; and the pool was discontinued, not because it was illegal and not because it was prejudicial to the public interest, but because the packers felt it would be the better policy to do away with an arrangement which the public did not like and did not understand.

In his description of the movement to merge the packing interests in 1903 and the subsequent formation of the National Packing Company, which continued in business until 1912, Dr. Virtue does the packers less injustice than does the Federal Trade Commission, but even here he seems to question the conclusiveness of the court trial of 1912 as a vindication of the packers. If he had been more concerned with an examination of the usefulness of the Commission's report he would have

<sup>1</sup> 196 U. S. 375. See also Swift and Company's Analysis, p. 11.

<sup>2</sup> Pt. II of the Federal Trade Commission's Report, p. 18.

pointed out that the only reference made by the Commission to this important case is contained in the following words:

. . . after the failure of a criminal prosecution it (the National Packing Company) was liquidated in order to avoid a civil suit.<sup>1</sup>

The 1912 case had to do with the question of whether the National Packing Company constituted a conspiracy in restraint of trade. There was a criminal prosecution and a jury trial, which lasted three months, and the verdict was — “Not guilty.” The decision of the court was therefore at variance with the assumption of the Federal Trade Commission that the pooling practises of the earlier period had been carried out through meetings of the directors of the National Packing Company.

As for other evidence of combination produced by the Federal Trade Commission, Dr. Virtue refers to instructions issued to buying-station managers so that they would avoid putting anything into writing that had the appearance of an agreement contrary to law.<sup>2</sup> Later on he says: “Yet one cannot read the correspondence without feeling that the Chicago office was more concerned to avoid the appearance of evil than to avoid the evil itself.”<sup>3</sup> He also says that the packers admit there is a tendency among managers to agree on price policies with their competitors.<sup>4</sup> These references apply principally to Swift and Company’s country stations for buying cream and eggs.<sup>5</sup> He neglects to mention that the Federal Trade Commission suppressed documentary evidence taken from the files of Swift and Company which contained positive instructions to country agents to refrain from all kinds of price agree-

<sup>1</sup> Federal Trade Commission Report, Pt. II, p. 25.

<sup>2</sup> Page 659.

<sup>3</sup> Pages 662, 663.

<sup>4</sup> Page 662.

<sup>5</sup> Federal Trade Commission Report, Pt. II, pp. 147 ff.

ments as well as to avoid the semblance of collusion. In Swift and Company's *Analysis*<sup>1</sup> Swift and Company reproduces the positive evidence which clears up this point. It appears, therefore, that Dr. Virtue has followed the same policy as the Federal Trade Commission, and that his statement on this matter is unfair and one-sided.

As for his reference to the Trade Commission's charge that there is "rotation in price cutting," Dr. Virtue admits that the evidence adduced by the Federal Trade Commission is "not conclusive," and represents "statements of parties claiming to be injured by the practice."<sup>2</sup> He thinks, however, that the Trade Commission's charges in this matter point to "the probability of an understanding." As a matter of fact the evidence on this point is worthless;<sup>3</sup> unfounded charges should not be accepted as cumulative evidence pointing toward an understanding. Again, Dr. Virtue seems to think there is some significance in the fact that a representative of the Cudahy Packing Company wrote to the Western Meat Company, a Swift concern, that he thought 6¼ cents would be a fair market figure for certain cattle,<sup>4</sup> and in the fact that Mr. Sulzberger kept memoranda (referred to sensationally by the Federal Trade Commission as the "Black Book") of interviews that he had with various other packers at infrequent intervals. Dr. Virtue himself admits that there is no evidence of combination in these memoranda. He could have gone further and pointed to positive evidences that competition had reigned and that no fixing of prices or of price policies had resulted from such informal exchange of opinion. And yet Dr. Virtue cites these instances as tho they furnished further cumulative evi-

<sup>1</sup> Pages 84-91.

<sup>2</sup> Swift and Company's *Analysis*, pp. 69-71.

<sup>3</sup> Page 661.

<sup>4</sup> Page 662.

dence leading up to a conclusion which he apparently wants to reach.

Dr. Virtue then goes on to discuss the "question of a live-stock pool,"<sup>1</sup> that interesting phenomenon on which the Federal Trade Commission principally bases its claim that the packers act in collusion. It is assumed by the Federal Trade Commission that since the percentage of purchases taken by each of the five large packers remains approximately constant from year to year, there must be an agreement between the large packers to divide these purchases among themselves. Dr. Virtue, altho admitting that there is no positive evidence of an agreement to divide purchases, has certainly scrutinized the material offered by the Trade Commission with great thoroness in order to find those bits of evidence, which, by themselves and without proper explanation, seem to bear out the Trade Commission's conclusion. He quotes from letters taken from the files of the Cudahy Packing Company where references are made to "our 30 per cent," "all we are entitled to is 30 per cent," etc. To be sure, he introduces in a footnote in fine print the fact that the packers have mentioned that these expressions simply mean the usual share or percentage which each packer naturally seeks to maintain, and that such expressions are common in all industry. He overlooks the fact, however, that the very excerpts he has chosen furnish proof that there was no agreement to divide purchases. For example, take the Cudahy letter where the writer said, "The trouble is that there ought to be about 105 per cent to satisfy everybody."<sup>2</sup> When the situation is properly understood, this expression contains a world of meaning. It simply signifies that each packer is trying to get as large a proportion as he

<sup>1</sup> Page 663.

<sup>2</sup> Page 665.

can, without bringing about cutthroat and destructive competition.

Dr. Virtue considers the Armour letter referring to the "50-50 basis" at Denver as "more to the point," but he does not explain that the Federal Trade Commission suppressed figures which showed that Armour had been substantially falling behind on its percentage of cattle purchases in that market.<sup>1</sup> The suppressed figures not only prove that purchases were not being divided arbitrarily, but also explain the concern that was voiced in the Armour letter, about that company's inability to handle as much as Swift and Company in that market.

He is fair enough to state briefly the packer's explanation of the approximately constant percentages,<sup>2</sup> altho he belittles this explanation by offering two or three additional bits of evidence which he thinks have an important bearing on the subject.<sup>3</sup> He considers it significant that the packers had been keeping records of these percentages in their own files. If he could realize how carefully Swift and Company, for example, follows these percentages from month to month, merely to keep a line on its progress in the face of keen competition, he would not be surprised at this fact. He can come to Swift and Company's office at any time and see how these records are kept, and what use is made of them. He again refers to the Sulzberger memoranda in the "Black Book," where percentages are mentioned, but admits that the information there is "scrappy," and "capable of more than one interpretation." He does not explain that the Sulzberger company was at that time having difficulty in keeping up in the competitive race, that the occasional informal conferences were pre-

<sup>1</sup> See Swift and Company's Analysis, p. 38.

<sup>2</sup> Page 671.

<sup>3</sup> Page 670.



liminary to an attempt to dispose of the Sulzberger interests, and that these incidents culminated in a reorganization of the company under the name of Wilson and Company. There is positively no evidence that the exchange of information in these conferences was used as a basis for arbitrary determination of purchase percentages.

In concluding on this matter, Dr. Virtue admits the "soundness and practical wisdom" of the reasoning of packer representatives, but he leaves the discussion more or less up in the air when he adds that "it raises a question as to what kind of competition is left after destructive competition is eliminated." Perhaps the present writer may be able to hazard one or two thoughts which will help to answer this question.

If prices respond quickly and accurately to changes in supply of live stock and to changes in demand for meat; if each competitor strives with all his ability to keep down operating expenses and to improve the quality of his products; if there is ample evidence that profits are at a minimum and that there is no arbitrary power to swell these profits by price manipulation; if there are plenty of positive and obvious evidences that there is keen rivalry and competition in the purchase of live stock and in the sale of meats; if there is evidence that there are plenty of other companies outside of those in question who offer effective competition; then one might safely conclude that even if "destructive competition" has been eliminated there remains the healthiest possible kind of competition — the kind that results in the greatest possible service to the community at large at the least possible expense.

Dr. Virtue then turns to what he calls "collusive practices in buying" <sup>1</sup> — a discussion of what are known

<sup>1</sup> See Swift and Company's Analysis, p. 42.

as "part purchases," "split shipments," and "wiring on." His only justification for the use of the word "collusive" is that the Federal Trade Commission has used it in connection with these practices. He does not furnish one single bit of evidence that there is or has been collusion in buying; nor does the Federal Trade Commission.

These three subjects have been considered at length in Swift and Company's *Analysis and Criticism of the Federal Trade Commission Report*, copy of which may be obtained by sending to the writer at the Chicago office of Swift and Company.<sup>1</sup> A study of this material will reveal that these practices as carried on are perfectly legitimate, that there is no collusion among the packers, and that there has been no manipulation of prices. They continue today, and doubtless will continue in the future. Swift and Company's *Analysis* also shows striking instances of suppression of data on the part of the Federal Trade Commission — data which refute the very contentions of the Commission. In one instance individual items from telegrams taken from Swift and Company's files were selected to prove a certain point; other items, which proved the opposite, were omitted.

In summarizing the evidence with respect to combination, Dr. Virtue admits that "no formal agreement has been disclosed,"<sup>2</sup> (altho this was definitely charged by the Federal Trade Commission); that there is no absolute monopoly because of the existence of so many small packers; that there is active competition among the five large companies; and yet, he concludes that altho "point after point of the case against the packers may be reasonably explained away," one's mind settles down

<sup>1</sup> "Part purchases," pp. 42 ff.; "split shipments," pp. 48 ff.; "wiring on," pp. 52 ff.

<sup>2</sup> Page 675.

to the belief, "that the theory of a combination is more credible than the explanations." In other words, altho no evidence of combination is found after a most searching examination; altho not a single instance of a manipulated price is discovered; altho there is no evidence that a monopoly profit has been exacted in the packing industry; altho the case of the Federal Trade Commission has been built up through misrepresentation, through suppression of vital facts, and through insinuations and innuendo; one's mind, made up in the beginning that there must be a combination, still clings to this idea in spite of all positive evidence to the contrary.

And even with this disclosure of the state of Dr. Virtue's mind, we find that he is forced to come to the ultimate conclusion that there is merely a "dangerous probability of monopoly,"<sup>1</sup> rather than that there is actually a monopoly in existence. To come to such a conclusion after such a seemingly studied attempt to bring together all of the most damaging evidence that can be found, and after omitting to mention the numerous instances in which the Federal Trade Commission suppressed data which controvert its own contentions, is indeed significant. If Dr. Virtue cannot make out a case against the packers after his experience as an employee of the Federal Trade Commission, combined with his experience as a trained economist, no one can.

## VI. THE PALMER-PACKER AGREEMENT

Not much remains to be said about Dr. Virtue's discussion of the Palmer-Packer agreement and the proposed legislation. He might have mentioned, however, that the September and October investigation by the Federal Grand Jury in Chicago in 1919 failed to return

<sup>1</sup> Page 677.

an indictment. He might have mentioned that in the consent decree, as finally issued, the first paragraph specifically says that the packers admit no guilt and that they are not adjudicated guilty. Dr. Virtue seems to realize that the decree results in a backward step from an economic point of view, and that it is not in the interest of efficiency.

On the question of legislation, Dr. Virtue is non-committal. He recites the provisions of the radical laws that have been given consideration in Congress and comes to the conclusion that the question is whether the meat-packing industry is to be considered as a public utility, or whether it should be treated as a private industry. He might well have pointed out that altho the stockyards might be considered as public utilities the packing industry itself is a private industry because it has no natural monopoly and because it buys and sells merchandise at fluctuating prices just like any other private industry. If the packing industry is to be placed under the supervision of a government commission with power to enforce such rules and regulations as it may promulgate, there is just as much reason why every steel mill and every cotton mill should be placed under this form of radical supervision. The time has not arrived when economists or when the American public want the government to step in and endanger the efficiency of a law abiding and efficiently operated private industry through bureaucratic control. The tendency among thinking people is undoubtedly in the opposite direction.

L. D. H. WELD.

SWIFT AND COMPANY,  
CHICAGO, ILL.